

Message Text

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ORIGIN COME-00

INFO OCT-01 EA-07 ISO-00 EB-08 L-03 OPIC-03 TRSE-00
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APPROVED BY EB/OCA/CD:REDAY
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STATE/EA/PHL/JSARTORIUS
SBOND/L/EB
EB/IFD/OIA/RKAUZLARICH (SUBS)
-----090058Z 078664 /73
P 082245Z MAR 77
FM SECSTATE WASHDC
TO AMEMBASSY MANILA PRIORITY

C O N F I D E N T I A L STATE 051405

E.O. 11652: GDS

TAGS: EAGR BEXP; RP

SUBJECT: AVON INVESTMENT IN PHILIPPINES

1. ROBERT R. MCMILLAN, VICE PRESIDENT-PACIFIC, AND ROBERT J. GRIMM, DIRECTOR, GOVERNMENT AFFAIRS, AVON PRODUCTS, INC., 9 WEST 57 STREET, NEW YORK, MET MORNING OF FEBRUARY 25 WITH USDOC (OIM/EA;; BIEPR/OTP AND OIFI) AND AFTERNOON WITH STATE (EA/PHIL; L/EB AND EB/IFD/OIA) TO DISCUSS SITUATION OUTLINED IN FAR EASTERN ECONOMIC REVIEW DATED JUNE 18, 1976, PAGES 41 AND 42, "A RUDE RECEPTION FOR AVON"; AND FEBRUARY 9, 1977 ARTICLE IN PHILIPPINE NEWS-PAPER BULLETIN TODAY "AVON WITHDRAWS".

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2. MCMILLAN BEGAN BOTH MEETINGS WITH LENGTHY DISCUSSION OF SUCCESS OF FIRM IN OTHER COUNTRIES OF WORLD. HE POINTED OUT THAT SITUATION OF FIRM IN PHILIPPINES HAD NOT BEEN PREVIOUSLY DISCUSSED WITH USG OR EMBASSY OFFICIALS. DRAWING ON BACKGROUND ARTICLE CITED PARA 1, WHICH HE CONSIDERS SUBSTANTIVELY CORRECT, MCMILLAN EXPLAINED THAT OPPOSITION TO AVON ENTRY IN PHILIPPINES COSMETICS MARKET

IS NOT UNDERSTOOD BY AVON MANAGEMENT IN NEW YORK SINCE "A" LARGE DOLLAR INVESTMENT IS PLANNED IN COUNTRY AND FIRM WOULD BE PROVIDING EMPLOYMENT FOR LARGE NUMBER OF WORKERS" (WHICH SEEMLY NOT CONSISTENT WITH FEER ARTICLE).

HE NOTED THAT FIRM HAD INCORPORATED IN PHILIPPINES IN 1968, BUT HAD NOT CONDUCTED ANY BUSINESS. FURTHER, FIRM HAD COMPLIED WITH ALL REQUESTS MADE BY BOARD OF INVESTMENT (BOI), BUT WITHDRAW APPLICATION SINCE GLENDON ROELL, DESCRIBED AS U.S. CITIZEN ASSISTING AVON ESTABLISH OPERATIONS IN PHILIPPINES, BELIEVED THAT HIS CONTACTS TO MRS. MARCOS HAD NOT BEEN SUCCESSFUL AND AVON WOULD NOT WIN HEARING. MCMILLAN STATED THAT AVON HAD BEEN PREPARING TO PLACE "LEGITIMATE" PRESSURE ON BEAUTIFONT, PRESUMABLY THROUGH SUPPLIERS AND BANKS. APPARENTLY BOI MOVED DATE

FORWARD FOR HEARING AND PREVENTED AVON FROM SUCCESSFULLY USING THIS PRESSURE WHICH INDICATED APPLICATION FOR INVESTMENT WOULD NOT BE GRANTED AND FIRM WAS LEFT WITH ONLY ALTERNATIVE BUT WITHDRAWAL OF APPLICATION. MCMILLAN POINTED OUT THAT AVON WOULD LIKE TO BE IN PHILIPPINE MARKET, BUT "NOT AT ALL COSTS".

3. MCMILLAN, ACCOMPANIED BY ROELL, WOULD LIKE TO MEET WITH EMBASSY OFFICIALS ON MARCH 14 (TO BE BRIEFED) REGARDING CURRENT ATTITUDE OF BOI TOWARD INVESTMENT IN PHILIPPINES OF AVON OR OTHER U.S. COMPANIES IN SIMILAR PRODUCT CATEGORY (WE ARE UNAWARE OF OTHER U.S. FIRMS ATTEMPTING TO ENTER AND INVEST IN COSMETICS MARKET IN CONFIDENTIAL

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PHILIPPINES); OPTIMUM APPROACH TO USE WITH BOI TO SEEK APPROVAL FOR INVESTMENT; AND INFORMAL OPINION REGARDING SOURCE OF OPPOSITION TO INVESTMENT OF AVON. FURTHER, MCMILLAN WOULD LIKE DISCRETE INQUIRIES MADE BY EMBASSY INTO POSSIBLE FUTURE OPPOSITION OF INVESTMENT BY AVON. MCMILLAN SAID THAT ROELL HAD DISCUSSED THESE POINTS WITH AMCHAM IN MANILA BUT WAS UNAWARE OF OUTCOME.

4. USDOC/STATE BELIEVE THAT REQUESTS BY MCMILLAN OUTLINED PARA 3 IS AN ATTEMPT TO GIVE GOP IMPRESSION THAT USG WOULD LIKE, AND HAS INTEREST IN AVON ENTERING COSMETICS MARKET IN PHILIPPINES IN HOPES THIS WILL NEUTRALIZE OPPOSITION AND ASSIST EFFORTS OF FIRM.

5. ACTION REQUESTED: USDOC/STATE WOULD APPRECIATE EMBASSY MEETING WITH AVON REPRESENTATIVES MARCH 14; AND ADVISING US OF PROPOSED TIME OF MEETING WHICH WE WILL FORWARDED TO MCMILLAN IN HAWAII. LEVEL OF EMBASSY OFFICIALS MEETING WITH MCMILLAN/ROELL AND WHETHER TO MAKE

ADVANCE INQUIRIES AS PER PARA 3 IS AT COMPLETE DISCRETION
OF EMBASSY. FOLLOWING MEETING, PLEASE REPORT YOUR VIEWS
AS TO WHETHER ANY ADDITIONAL USG ASSISTANCE APPROPRIATE
IN THIS CASE.
VANCE

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Message Attributes

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Sent Date: 08-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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TAGS: EAGR, BEXP, RP, US, AVON
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vdkgvwkey: odbcr//SAS/SAS.dbo.SAS_Docs/4b1bfebb-c288-dd11-92da-001cc4696bcc
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